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*ADMITTED IN CT
†ADMITTED IN FL

March 29, 1999

VIA FEDERAL EXPRESS

Secretary
SURFACE TRANSPORTATION BOARD
1925 K Street, N.W.
Washington, DC 20423-0001

RECORDATION NO. **22123** FILED

MAR 30 '99

9-00AM

RE: Documents for Recordation for Massachusetts Central Railroad Corporation

Dear Secretary:

We have enclosed an original and one copy/counterpart of the document(s) described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is an Amended and Restated Security Agreement, a primary document dated January 22, 1999.

The names and addresses of the parties to the document are as follows:

Debtor:

Massachusetts Central Railroad Corporation
One Wilbraham Street
Palmer, MA 01069-9560

Secured Party:

First National Bank of New England
One Commercial Plaza
Hartford, CT 06103

A description of the equipment covered by the document follows:

Various equipment including without limitation, the locomotives, cars and other rolling stock described below, AS WELL AS ALL LOCOMOTIVES, CARS AND OTHER ROLLING STOCK ACQUIRED BY DEBTOR AFTER THE DATE OF THE AMENDED AND RESTATED SECURITY AGREEMENT DESCRIBED ABOVE:

Locomotives/Engines:

MCER Locomotive #65
DAVENPORT/PORTER Switcher, Model USN-65
Serial #00328

MCER Locomotive #401
WHITCOMB 44-Ton Switcher
Serial #None (Built 1940's)

MCER Locomotive #2100
General Motors Electro-Motive Division (EMD)
Model NW5, Built 1946-1947 (D/100002)
Diesel Engine Type 12-567-BC (Rebuilt, 1989)
Serial #A9604

MCER Locomotive #4220
ALCO Diesel Engine, Model No. C-424
Serial #3381-01 (Built June, 1964)

MCER Locomotive #4243
ALCO Diesel Engine, Model No. C-425
Serial #3381-04 (Built June, 1964)

MCER Locomotive #4264
ALCO Diesel Engine Model No. C-424
Serial #3461-07 (Built June, 1966)

MCER Locomotive, Unit #1728
EMD-GP-9

MCER Locomotive, Unit #960
EMD-GP-38-1

Passenger Cars:

MCER #338 Coach

MCER #729 Coach (Combination Passenger/Baggage)

MCER 9803 50' Boxcar

MCER 9842 50' Boxcar

MCER 9867 50' Boxcar

Freight Cars:

MCER Small tank car, CV 4271

MCER #5161, 52' Flat Car

MCER #432505, 77-ton open top hopper

MCER 432785, 77-ton open top hopper

MCER #79524, Caboose

Intermodal and Miscellaneous Track Equipment:

Case 580C TrackMaster (s/n 9010271)

Two (2) Aluminum 6,000 pound track carts

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:

Carla W. Newton, Esquire
Robinson Donovan Madden & Barry, P.C.
1500 Main Street, 16th Floor
Springfield, MA 01115

A short summary of the document to appear in the index follows:

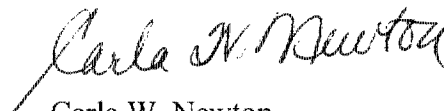
An Amended and Restated Security Agreement between Massachusetts Central Railroad Corporation, of One Wilbraham Street, Palmer, MA, as Debtor, and First National Bank of New England, of One Commercial Plaza, Hartford, CT, as Secured Party, dated January 22, 1999 and

covering, inter alia, all equipment, including without limitation, the following amounts and types of equipment, AS WELL AS ALL LOCOMOTIVES, CARS AND OTHER ROLLING STOCK ACQUIRED BY DEBTOR AFTER THE DATE OF THE AMENDED AND RESTATED SECURITY AGREEMENT DESCRIBED ABOVE:

<u>Amount(s):</u>	<u>Type(s) of Equipment</u>
Eight (8)	Locomotives/Engines
Five (5)	Passenger Cars
Five (5)	Freight Cars
Two (2)	Intermodal and Miscellaneous Track Equipment

Please acknowledge the receipt and filing of the enclosed Amended and Restated Security Agreement by returning to this office a date-stamped copy of this letter in the pre-paid Federal Express envelope provided for this purpose.

Very truly yours,


Carla W. Newton

CWN/slt

Enclosures: - Amended and Restated Security Agreement (original and copy)
 - \$26.00 Check
 - Letter (copy)
 - Return Federal Express Envelope

cc: D. Scott Pasquale, Vice President
 First National Bank of New England

Paul Maleck, Esquire
Doherty, Wallace, Pillsbury & Murphy, PC

FIRST NATIONAL BANK OF NEW ENGLAND

MAR 30 '99

9-00AM

AMENDED AND RESTATED SECURITY AGREEMENT

This Amendment and Restatement of the Security Agreement described below is made as of the 22nd day of JANUARY, 1999, by and between **MASSACHUSETTS CENTRAL RAILROAD CORPORATION**, a Massachusetts corporation having a principal place of business at One Wilbraham Street, Palmer, Massachusetts (the "Debtor"), and **FIRST NATIONAL BANK OF NEW ENGLAND**, a banking corporation with a usual place of business at One Commercial Plaza, Hartford, Connecticut (the "Secured Party").

WHEREAS, the Debtor and the Secured Party are parties to a certain Security Agreement by and between the Debtor and the Secured Party, dated as of December 31, 1998 (the "Agreement"); and

WHEREAS, the Debtor and the Secured Party desire to amend the terms and provisions of the Agreement, and restate the Agreement in its entirety; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party, intending to be bound legally, agree as follows:

1. Security Interest.

(a) To secure payment and performance of the Obligations (as defined below), Debtor hereby pledges, assigns, transfers and grants to Secured Party a continuing security interest in the following property of the Debtor, whether now owned or hereafter acquired by Debtor:

All tangible and intangible personal property, (including Motor Vehicles), including without limitation, all Goods, Fixtures, Accounts, Chattel Paper, Contracts, Documents, Equipment, General Intangibles, Instruments and Inventory, as more particularly described in Exhibit A annexed;

Together, in each instance, with the renewals, substitutions, replacements, additions, rental payments, products and Proceeds thereof (hereinafter, collectively called the "Collateral").

(b) Debtor expressly acknowledges that the security interest granted hereunder shall remain as security for payment and performance of the Obligations, whether now existing or which may hereafter be incurred by future advances, or otherwise. The notice of the continuing grant of this security interest therefore shall not be required to be stated on the face of any document representing any such Obligations, nor otherwise identify it as being secured hereby.

2. Cross-Collateralization. All Collateral which Secured Party may at any time acquire from Debtor or from any other source in connection with any of the Obligations shall constitute collateral for each and every Obligation, without apportionment or designation as to particular Obligations, and all Obligations, however and whenever incurred, shall be secured by all Collateral,

however and whenever acquired, and Secured Party shall have the right, in its sole discretion, to determine the order in which Secured Party's rights in, or remedies against, any Collateral are to be exercised, and which type or which portions of Collateral are to be proceeded against and the order of application of Proceeds of Collateral as against particular Obligations.

3. Definitions. The following terms shall have the following meanings:

(a) "Accounts" means all accounts, as that term is defined in Article 9 of the Uniform Commercial Code as in effect from time-to-time in the Commonwealth of Massachusetts (the "UCC"), and, in any event, shall include any right to payment held by Debtor, whether in the form of accounts receivable, notes, drafts, acceptances or other forms of obligations and receivables, now owned or hereafter received or acquired by or belonging or owing to the Debtor (including, without limitation, under any trade name, style or division thereof) for Inventory sold or leased or services rendered by it whether or not earned by performance, together with all guarantees and security therefor and all Proceeds thereof, whether cash Proceeds or otherwise, including, without limitation, all right, title and interest of Debtor in the Inventory which gave rise to any such Accounts, including, without limitation, unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed rejected or repossessed Inventory or other goods;

(b) "Chattel Paper" means all chattel paper, as that term is defined in Article 9 of the UCC, and, in any event, shall include any writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods, whether now or hereafter held by Debtor;

(c) "Contracts" means all contracts, undertakings, franchise agreements or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments, as those terms are defined above and below) in or under which the Debtor may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, and any agreement relating to the terms of payment or the terms of performance thereof;

(d) "Documents" means all documents, as that term is defined in Article 9 of the UCC;

(e) "Equipment" means all equipment, as that term is defined in Article 9 of the UCC and, in any event, shall include, without limitation, all machinery, tools, dyes, equipment, furnishings, vehicles (including Motor Vehicles) and computers and other electronic data processing and other office equipment, including, but not limited to, the items of Equipment listed on Exhibit B attached hereto and made a part hereof, any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, and all Contracts, contract rights and Chattel Paper arising out of any lease of any of the foregoing;

(f) "Financing Agreements" means this Agreement and any and all agreements, notes, guaranties, instruments, security agreements and documents evidencing, governing, securing or relating in any way to any of the Obligations, including without limitation, that certain Commercial Term Promissory Note in the original principal amount of THREE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$3,500,000.00) of Debtor in favor of Secured Party, dated as of December 31, 1998, as amended by a First Amendment to Commercial Term Promissory Note of even date herewith (collectively, the "Note"), and that certain Loan Agreement by and between

Debtor, Secured Party, and various guarantors, dated December 31, 1998, as amended and restated by a certain Amended and Restated Loan Agreement dated as of the date hereof (the "Loan Agreement");

(g) "General Intangibles" means all general intangibles, as that term is defined in Article 9 of the UCC, and, in any event, shall include all right, title and interest which the Debtor may now or hereafter have in or under any Contract, all customer lists, trademarks, patents, rights in intellectual property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, blueprints, catalogs, materials and records, goodwill (including, without limitation, the goodwill associated with any trademark, trademark registration or trademark licensed under any trademark license, claims in or under insurance policies, including unearned premiums, uncertificated securities, deposit accounts, rights to receive tax refunds and other payments and rights of indemnification;

(h) "Instruments" means all instruments, as that term is defined in Article 9 of the UCC, and, in any event, shall include any negotiable instrument or certificated security, as defined in Article 8 of the UCC, or any other writing which evidences a right to the payment of money and is not itself an instrument that constitutes, or is a part of a group or writings that constitute, Chattel Paper, and is of a type which, in the ordinary course of business, is transferred by delivery with any necessary endorsement or assignment, whether now or hereafter held by Debtor;

(i) "Inventory" means all inventory, as that term is defined in Article 9 of the UCC, wherever located, and, in any event, shall include all inventory, merchandise, goods and other personal property which are held by or on behalf of the Debtor for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in the Debtor's business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of the Debtor or is held by the Debtor or by others for the Debtor's account, including, without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all inventory which may be located on premises of the Debtor or of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other persons;

(j) "Motor Vehicles" shall have the same meaning as that contained in the General Laws of Commonwealth of Massachusetts;

(k) "Obligations" means any and all obligations, indebtedness, liabilities, guaranties, covenants and duties owing by Debtor to Secured Party, under any of the Financing Agreements, whether due or to become due, absolute or contingent, now existing or hereafter incurred or arising, whether or not otherwise guaranteed or secured and whether evidenced by any note or draft or documented on the books and records of Secured Party or otherwise on open account, including without limitation, all reasonable costs, expenses, fees, charges and reasonable attorneys' and other professional fees incurred by Secured Party in connection with, involving or related to the administration, protection, modification, collection, enforcement, preservation or defense of any of the Secured Party's rights with respect to any of the Obligations, the Collateral or any agreement,

instrument or document evidencing, governing, securing or relating to any of the foregoing, including without limitation, all costs and expenses incurred in inspecting or surveying mortgaged real estate, if any, or conducting environmental studies or tests, and in connection with any "workout" or default resolution negotiations involving legal counsel or other professionals and any re-negotiation or restructuring of any of the Obligations; and

(l) "Proceeds" means all proceeds, as that term is defined in Article 9 of the UCC, and, in any event, shall include (a) any and all Accounts, Chattel Paper, Instruments, cash and other proceeds payable to the Debtor from time-to-time in respect of any of the foregoing collateral security, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtor from time-to-time with respect to any of the collateral security, (c) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time-to-time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the collateral security by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (d) any and all other amounts from time-to-time paid or payable under or in connection with any of the collateral security.

4. Debtor's Representations and Warranties. Debtor represents and warrants to Secured Party as follows:

(a) Good Standing and Qualification/Legal Capacity. The Debtor is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts and has all requisite corporate power and authority to own and operate its properties and to carry on its business as now being conducted.

(b) Authority. The Debtor has full power and authority to enter into and perform the obligations under this Agreement, to execute and deliver the Financing Agreements and to incur the obligations provided for herein and therein, all of which have been duly authorized by all necessary and proper corporate or partnership action, if and as the case may be. No other consent or approval or the taking of any other action is required as a condition to the validity or enforceability of this Agreement or any of the other Financing Agreements.

(c) Binding Agreements. This Agreement and the other Financing Agreements constitute the valid and legally binding obligations of the Debtor, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(d) Litigation. There are no actions, suits, proceedings or investigations pending or threatened against the Debtor before any court or administrative agency, which either in any case or in the aggregate, if adversely determined, would materially and adversely affect the financial condition, assets or operations of the Debtor, or which question the validity of this Agreement or any of the other Financing Agreements, or any action to be taken in connection with the transactions contemplated hereby or thereby.

(e) No Conflicting Law or Agreements. The execution, delivery and performance by the Debtor of this Agreement and the other Financing Agreements: (i) do not violate any provision of the Articles of Organization and By-laws or the partnership agreement, if and as the case may be, of the Debtor, (ii) do not violate any order, decree or judgment, or any provision of any statute, rule or

regulation, (iii) do not violate or conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any shareholder agreement, partnership agreement, stock preference agreement, mortgage, indenture, contract or other agreement to which the Debtor is a party, or by which any of Debtor's properties are bound, or (iv) except for the liens and mortgages granted to Secured Party hereunder, do not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any property or assets of the Debtor.

(f) Financial Statements. The financial information of the Debtor, including, but not limited to, tax returns, balance sheets, statements of earnings, retained earnings, contributed capital and cash flow statements, heretofore submitted to Secured Party, is complete and correct and fairly presents the financial condition of the Debtor as of the dates of said information and the results of its operations and its cash flows for the periods referred to therein in accordance with generally accepted accounting principles, consistently applied. Since the submission of said information to Secured Party, there has been no material adverse change in the financial condition or business of the Debtor.

(g) Taxes. With respect to all taxable periods of the Debtor, the Debtor has filed all tax returns which are required to be filed and all federal, state, municipal, franchise and other taxes shown on such filed returns have been paid as due or have been reserved against, if not yet due, as required by generally accepted accounting principles, consistently applied, and the Debtor knows of no unpaid assessments against Debtor.

(h) Compliance. The Debtor is not in default with respect to or in violation of any order, writ, injunction or decree of any court or of any federal, state, municipal or other governmental department, commission, board, bureau, agency, authority or official, or in violation of any law, statute, rule or regulation to which Debtor or Debtor's properties is or are subject, where such default or violation would materially and adversely affect the financial condition of the Debtor. The Debtor represents that Debtor has not received notice of any such default or violation from any party. The Debtor is not in default in the payment or performance of any of Debtor's obligations to any third parties or in the performance of any mortgage, indenture, lease, contract or other agreement to which Debtor is a party or by which any of Debtor's assets or properties are bound, where such default would materially and adversely affect the financial condition of the Debtor.

(i) Office. The chief executive office and principal place of business of the Debtor, and the office where Debtor's books and records concerning Collateral are kept, is set forth in the first paragraph of this Agreement.

(j) Places of Business. The Debtor has no other places of business and locates no Collateral, specifically including books and records, at any location other than at Debtor's place of business set forth in the first paragraph of this Agreement.

(k) Contingent Liabilities. The Debtor is not a party to any suretyship, guarantyship, or other similar type agreement; nor has Debtor offered its endorsement to any individual, concern, corporation or other entity or acted or failed to act in any manner which would in any way create a contingent liability (except for endorsement of negotiable instruments in the ordinary course of business).

(l) Licenses. The Debtor has all licenses, permits and other permissions required by any government, agency or subdivision thereof, or from any licensing entity necessary for the conduct of Debtor's business, all of which the Debtor represents to be in good standing and in full force and effect.

(m) Collateral. The Debtor is and shall continue to be the sole owner of the Collateral free and clear of all liens, encumbrances, security interests and claims except the liens granted to Secured Party hereunder, and except for the liens set forth on Exhibit "C" attached hereto and made a part hereof; the Debtor is fully authorized to sell, transfer, pledge and/or grant a security interest in each and every item of the Collateral to Secured Party; all documents and agreements related to the Collateral shall be true and correct and in all respects what they purport to be; all signatures and endorsements that appear thereon shall be genuine and all signatories and endorsers shall have full capacity to contract; none of the transactions underlying or giving rise to the Collateral shall violate any applicable state or federal laws or regulations; all documents relating to the Collateral shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms; and the Debtor agrees to defend the Collateral against the claims of all persons other than Secured Party.

(n) Environmental, Health, Safety Laws. Debtor has not received any notice, order, petition or similar document in connection with or arising out of any violation of any environmental, health or safety law, regulation, rule or order, and Debtor knows of no basis for any claim of such violation or of any threat thereof.

5. Affirmative Covenants of the Debtor. The Debtor covenants and agrees that from the date hereof until full and final payment and performance of all Obligations, the Debtor shall:

(a) Financial Information. Deliver to Secured Party: (i) within a reasonable amount of time after Secured Party's request, such documentation and information about the Debtor's financial condition, business and/or operations as Secured Party may request, including without limitation, business and/or personal financial statements, copies of federal and state income tax returns and all schedules thereto, aging reports of Debtor's Accounts and accounts payable and a listing of Debtor's Inventory and Equipment, all of which shall be in form, scope and content satisfactory to Secured Party, in its sole but reasonable discretion; and (ii) promptly upon becoming aware of any Event of Default (as defined below), or any occurrence which but for the giving of notice or the passage of time would constitute an Event of Default, notice thereof in writing.

(b) Insurance and Endorsement. (i) Keep the Collateral and Debtor's other properties insured against loss or damage by fire and other hazards (so-called "All Risk" coverage) in amounts and with companies satisfactory to Secured Party to the same extent and covering such risks as is customary in the same or a similar business; maintain public liability coverage, including without limitation, products liability coverage, against claims for personal injuries or death; and maintain all worker's compensation, employment or similar insurance as may be required by applicable law; (ii) All insurance shall contain such terms, be in such form, and be for such periods satisfactory to Secured Party, and be written by such carriers duly licensed by the Commonwealth of Massachusetts and satisfactory to Secured Party. Without limiting the generality of the foregoing, such insurance must provide that it may not be canceled without thirty (30) days prior written notice to Secured Party. The Debtor shall cause Secured Party to be endorsed as a loss payee with a long form Lender's Loss Payable Clause, in form and substance acceptable to Secured Party on all such

insurance. In the event of a failure to provide and maintain insurance as herein provided, Secured Party may, at its option, provide such insurance and charge the amount thereof to the Debtor. The Debtor shall furnish to Secured Party certificates or other satisfactory evidence of compliance with the foregoing insurance provisions. The Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact, coupled with an interest, to make proofs of loss and claims for insurance, and to receive payments of the insurance and execute all documents, checks and drafts in connection with payment of the insurance. Any Proceeds received by Secured Party shall be applied to the Obligations in such order and manner as Secured Party shall determine in its sole discretion, or shall be remitted to the Debtor, in either event at Secured Party's sole discretion.

(c) Tax and Other Liens. Comply with all statutes and government regulations and pay all taxes (including withholdings), assessments, governmental charges or levies, or claims for labor, supplies, rent and other obligations made against it or its property which, if unpaid, might become a lien or charge against the Debtor or its properties.

(d) Place of Business. Maintain its place of business and chief executive offices at the address set forth in the first paragraph of this Agreement.

(e) Inspections. At any time after reasonable notice to the Debtor, and in a manner designed to avoid substantial interference to the Debtor's business operations, if possible, allow Secured Party by or through any of their officers, attorneys, and/or accountants designated by Secured Party, for the purpose of ascertaining whether or not each and every provision hereof and of any related agreement, instrument and document is being performed, to enter the offices and plants of the Debtor to examine or inspect any of the properties, books and records or extracts therefrom, to make copies of such books and records or extracts therefrom, and to discuss the affairs, finances and accounts thereof with the Debtor all at such reasonable times and as often as Secured Party or any such representative of Secured Party may reasonably request.

(f) Litigation. Promptly advise Secured Party of the commencement or threat of litigation, including arbitration proceedings and any proceedings before any governmental agency (collectively, "Litigation"), which is instituted against the Debtor.

(g) Maintenance of Existence. Maintain its corporate existence, and comply with all valid and applicable statutes, rules and regulations, and maintain its properties in good repair, working order and operating condition. The Debtor shall immediately notify Secured Party of any event causing material loss in the value of its assets.

(h) Collateral Duties. Do whatever Secured Party may reasonably request from time to time by way of obtaining, executing, delivering and filing financing statements, assignments, landlord's or mortgagee's waivers, and other notices and amendments and renewals thereof, and the Debtor will take any and all steps and observe such formalities as Secured Party may reasonably request in order to create and maintain a valid and enforceable first lien upon, pledge of, and first priority security interest in, any and all of the Collateral. Secured Party is authorized to file financing statements without the signature of the Debtor and to execute and file such financing statements on behalf of the Debtor as specified by the UCC to perfect or maintain Secured Party's security interest in all of the Collateral. All charges, expenses and fees Secured Party may incur in filing any of the foregoing, together with reasonable costs and expenses of any lien search required

by Secured Party, and any taxes relating thereto, shall be charged to the Debtor and added to the Obligations.

(i) Notice of Default. Provide to Secured Party, within three (3) business days after becoming aware of the occurrence or existence of an Event of Default or a condition which would constitute an Event of Default but for the giving of notice or passage of time on both, notice in writing of such Event of Default or condition.

6. Negative Covenants of the Debtor. The Debtor covenants and agrees that from the date hereof until full and final payment and performance of all Obligations, the Debtor shall not without the prior written consent of Secured Party:

(a) Encumbrances. Incur or permit to exist any lien, mortgage, charge or other encumbrance against any of the Collateral, whether now owned or hereafter acquired, except: (i) liens required or expressly permitted by this Agreement; (ii) pledges or deposits in connection with or to secure worker's compensation, unemployment or liability insurance; and (iii) tax liens which are being contested in good faith with the prior written consent of Secured Party and against which, if requested by Secured Party as a condition to its consent, the Debtor shall set up a cash reserve or post a surety bond in an amount equal to the total amount of the lien being contested.

(b) Consolidation or Merger. Merge into or consolidate with or into any corporation.

(c) Sale and Lease of Assets. Sell, lease or otherwise dispose of any of its assets, except for sales of inventory in the ordinary course of business.

(d) Name Changes. Change its corporate name or conduct its business under any trade name or style other than as set forth in this Agreement.

(e) Maintenance of Collateral. Permit to incur or suffer any loss, theft, substantial damage or destruction of any of the Collateral which is not immediately replaced with Collateral of equal or greater value, or which is not fully covered by insurance, the proceeds of which shall have been endorsed over to Secured Party in accordance with Section 5(b) hereof.

(f) Further Covenants. The Debtor hereby makes such further covenants, if any, as may be set forth on a Schedule 6(f) attached hereto and made a part hereof.

7. Rights of Secured Party. Upon the occurrence of any uncured Event of Default, Secured Party shall have the right to declare all of the Obligations to be immediately due and payable and shall then have the rights and remedies of a secured party under the Uniform Commercial Code or under any other applicable law, including, without limitation, the right to take possession of the Collateral, and in addition thereto, the right to enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and the right to occupy any of the Debtor's premises as set forth in the Financing Agreements for up to sixty (60) days rent free for the purposes of liquidating Collateral, including without limitation, conducting an auction thereon. Secured Party may require the Debtor to make the Collateral (to the extent the same is moveable) available to Secured Party at a place to be designated by Secured Party. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give the Debtor at least thirty (30) days' prior written notice at the address of the Debtor set forth above (or at such other address or addresses as the Debtor shall

specify in writing to Secured Party) of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all reasonable costs and expenses of collection, storage, custody, sale or other disposition and delivery (including reasonable attorneys' fees) and all other reasonable charges against the Collateral, the residue of the Proceeds of any such sale or disposition shall be applied to the payment of the Obligations in such order to priority as Secured Party shall determine and any surplus shall be returned to the Debtor or to any person or party lawfully entitled thereto. In the event the Proceeds of any sale, lease or other disposition of the Collateral hereunder, including without limitation, the Proceeds from the collection of Accounts, are insufficient to pay all of the Obligations in full, the Debtor will be liable for the deficiency, together with interest thereon, at the maximum rate allowable by law, and the reasonable costs and expenses of collection of such deficiency, including (to the extent permitted by law) without limitation, reasonable attorneys' fees, expenses and disbursements. Notwithstanding the foregoing, the Debtor will not be responsible to pay for any claim, expense, or cost resulting from the Secured Party's negligence or willful misconduct.

8. Right of Secured Party to Use and Operate Collateral, Etc. Upon the occurrence of any uncured Event of Default, Secured Party shall have the right and power to take possession of all or any part of the Collateral, and to exclude the Debtor and all persons claiming under the Debtor wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. Upon any such taking of possession, Secured Party may, from time to time, at the expense of the Debtor, make all such repairs, replacements, alterations, additions and improvements to the Collateral as Secured Party may deem proper. In any such case Secured Party shall have the right to manage and control the Collateral and to carry on the business and to exercise all rights and powers of the Debtor in respect thereto as Secured Party shall reasonably deem best, including the right to enter into any and all such agreements with respect to the operation of the Collateral or any part thereof as Secured Party may see fit; and Secured Party shall be entitled to collect and receive all issues, profits, fees, revenues and other income of the same and every part thereof. Such issues, profits, fees, revenues and other income shall be applied to pay the expenses of holding and operating the Collateral and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which Secured Party may be required or may elect to make, if any, for taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments which Secured Party may be required or authorized to make under any provision of this Agreement (including legal costs and attorneys' fees). The remainder of such issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations in such order of priority as Secured Party shall determine. Without limiting the generality of the foregoing, Secured Party shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and continue the operation of the business of the Debtor and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership including the compensation of the receiver and to the payment of the Obligations as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated.

9. Collection of Accounts Receivable, Etc. At any time after default, Secured Party shall have the right to require Debtor to and Debtor shall, upon written notice from Secured Party:

(a) Make collections of Proceeds upon its Accounts, hold the Proceeds received from collections in trust for Secured Party and turn over such Proceeds to Secured Party daily in the exact form which they are received, together with a collection report in form satisfactory to Secured Party. Secured Party shall immediately apply, subject to collection, such Proceeds and any Proceeds of Accounts received by it pursuant to the following provisions of this Section 9, to the payment of the Obligations in such order of priority as Secured Party shall determine;

(b) Assign or endorse the Accounts to Secured Party, and notify account debtors that the Accounts have been assigned and should be paid directly to Secured Party;

(c) Turn over to Secured Party all Inventory returned in connection with any of the Accounts;

(d) Mark or stamp each of its individual ledger sheets or cards pertaining to its Accounts with the legend "Assigned to First National Bank of New England," and stamp or otherwise mark and keep its books, records, documents and instruments relating to the Accounts in such manner as Secured Party may require; and

(e) Mark or stamp all invoices with a legend satisfactory to Secured Party so as to indicate that the same should be paid directly to Secured Party.

Notwithstanding the foregoing, Secured Party shall have the right, at any time after the occurrence of an uncured Event of Default, to itself so notify such account debtors to make such payments of the Accounts directly to Secured Party and Secured Party shall have the further right to notify the post office authorities to change the address for delivery of mail of Debtor to an address designated by Secured Party and to receive, open and dispose of all mail addressed to Debtor. For the purposes of this Section 9, Debtor hereby irrevocably constitutes Secured Party as Debtor's attorney-in-fact to issue in the name and execute or endorse on behalf of Debtor each and every notice, instrument and document necessary to carry out the purposes of the provisions of this Section 9, and to take such action in connection with the collection of the Accounts, including without limitation, suing thereon, compromising or adjusting the same, as Secured party, in its sole discretion, deems necessary. The power of attorney granted hereby shall be self-executing, but Debtor shall promptly execute and deliver to Secured Party, upon written request of Secured Party, such additional separate powers of attorney as Secured Party may from time to time request.

10. Events of Default. The Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions (herein individually called an "Event of Default" and collectively called "Events of Default");

(a) Failure of Debtor to pay or perform any of Debtor's liabilities or obligations to Secured Party (whether under the Financing Agreements or otherwise and whether now existing or hereafter incurred, including without limitation, any installment of principal and/or interest or any other sum due under the Note, when due to be paid or performed;

(b) Failure of Debtor to observe, perform or comply with any covenant, agreement or duty contained in the Financing Agreements, after any applicable notice or cure periods; or

(c) If Debtor or any guarantor of any obligation of the Debtor to Secured Party shall be in default under any security agreement or other agreement governing, securing or relating to the

Financing Agreements, which failure is not cured within thirty (30) days of Secured Party's notice to Debtor of such failure; or

(d) If any representation or warranty made by the Debtor or any guarantor of any obligation of the Debtor to Secured Party, including without limitation, any representation or warranty contained herein, or any statement, certificate or other data furnished by any of them in connection herewith, proves at any time to be incorrect or untrue in any material respect; or

(e) Institution of or consent to proceedings, or the taking of any action in furtherance of, or the entry of any order or decree of a court of competent jurisdiction with respect to any of the following:

(i) Bankruptcy, insolvency or reorganization, readjustment, arrangement, composition or similar relief as to Debtor or any guarantor of any obligation of the Debtor to Secured Party under federal or state bankruptcy or insolvency statutes or related laws,

(ii) Appointment of a receiver, liquidator, trustee or assignee in bankruptcy or insolvency as to Debtor or any guarantor of any obligation of the Debtor to Secured Party or a substantial part of their respective properties, or

(iii) Assignment of the Debtor or any guarantor of any obligation of the Debtor to Secured Party for the benefit of creditors, the winding up or liquidation of the affairs of the Debtor or such guarantor, or the admission of Debtor or such guarantor in writing of its inability to pay its debts; or

(f) The dissolution, liquidation, insolvency (the term "insolvency" shall mean either a negative tangible net worth or an inability to pay its debts as they mature) or termination of legal existence of Debtor or any guarantor of any obligation of the Debtor to Secured Party; or

(g) The service of any process upon the Secured Party seeking to attach or garnish by mesne or trustee process any funds in excess of \$50,000.00 of Debtor or of any guarantor of any obligation of the Debtor to Secured Party which are on deposit with the Secured Party (without in any way limiting the Secured Party's lien or offset rights under the Financing Agreements, the Debtor shall have the right to cure any default under this subsection by providing the Secured Party, within ten (10) business days after such service of process, evidence that the subject attachment, garnishment, or mesne process has been discharged (by bond or otherwise); or

(h) The failure by Debtor or any guarantor of any obligation of the Debtor to Secured Party to pay or perform any indebtedness or obligation owed to any third party, or if any such other indebtedness or obligation shall be accelerated after the expiration of any applicable notice and cure period; or

(i) If there shall be any material adverse change in the assets, liabilities, condition (financial, operating or otherwise) or business of the Debtor or any guarantor of any obligation of the Debtor to Secured Party, which, in the reasonable discretion of the Secured Party, would substantially impair the Debtor's ability to pay or perform any of Debtor's liabilities or obligations to Secured Party (whether under this Note or otherwise and whether now existing or hereafter incurred), and Debtor fails to provide Secured Party with reasonable assurances to the contrary within fourteen (14) days of Holder's notice to Debtor requesting the same.

11. Waivers, Etc. Unless otherwise stated in the Financing Agreements, the Debtor hereby waives presentment, demand, notice, protest and all other demands and notices in connection with this Agreement or the enforcement of Secured Party's rights hereunder or in connection with any Obligations or any Collateral; consents to and waives notice of: (a) the granting of renewals, extensions of time for payment or other indulgences to the Debtor or to any account debtor in respect of any account receivable of the Debtor; (b) substitution, release or surrender of any Collateral; (c) the addition or release of persons primarily or secondarily liable on any of the Obligations or on any account receivable or other Collateral; and (d) the acceptance of partial payments on any Obligations or on any account receivable or other Collateral and/or the settlement or compromise thereof. No delay or omission on the part of Secured Party in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder. Any waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any such future occasion. DEBTOR ACKNOWLEDGES THAT THE LOAN EVIDENCED BY THIS INSTRUMENT IS A COMMERCIAL TRANSACTION. DEBTOR HEREBY WAIVES DILIGENCE, DEMAND, PRESENTMENT FOR PAYMENT, NOTICE OF NONPAYMENT, PROTEST AND NOTICE OF PROTEST, AND NOTICE OF ANY RENEWALS OR EXTENSIONS OF THIS INSTRUMENT. THE DEBTOR ACKNOWLEDGES THAT DEBTOR MAKES THESE WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER. THE DEBTOR FURTHER ACKNOWLEDGES THAT THE SECURED PARTY HAS NOT AGREED WITH OR REPRESENTED TO DEBTOR OR ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

12. Termination; Assignment, Etc. This Agreement and the security interest in the Collateral created hereby shall terminate when all of the Obligations have been paid and finally discharged in full. No waiver by Secured Party or by any other holder of the Obligations of any default shall be effective unless in writing signed by Secured Party nor shall any waiver granted on any one occasion operate as a waiver of any other default or of the same default on a future occasion. In the event of a sale or assignment by Secured Party of all or any of the Obligations held by Secured Party, Secured Party may assign or transfer its respective rights and interests under this Agreement in whole or in part to the purchaser or purchasers of such Obligations, whereupon such purchaser or purchasers shall become vested with all of the powers and rights hereunder, and Secured Party shall thereafter be forever released and fully discharged from any liability or responsibility hereunder with respect to the rights and interests so assigned except that Secured Party shall be liable for damages suffered by the Debtor as a result of actions taken by Secured Party in bad faith or with willful misconduct.

13. Notices. Except as otherwise provided herein, notice to the Debtor or to Secured Party shall be deemed to have been sufficiently given or served for all purposes hereof if mailed by certified or registered mail, return receipt requested, as follows:

(a) if to Debtor:

Massachusetts Central Railroad Corporation
One Wilbraham Street
Palmer, MA 01069
Attention: Paul E. Crawford, Executive Vice President

(b) if to Secured Party:

First National Bank of New England
One Commercial Plaza
Hartford, Connecticut 06103
Attention: Documentation Department

14. Jury Waiver. THE DEBTOR HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS INSTRUMENT IS A PART AND/OR THE ENFORCEMENT OF ANY OF DEBTOR'S RIGHTS AND REMEDIES, INCLUDING WITHOUT LIMITATION, TORT CLAIMS. THE DEBTOR ACKNOWLEDGES THAT DEBTOR MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER. THE DEBTOR FURTHER ACKNOWLEDGES THAT THE SECURED PARTY HAS NOT AGREED WITH OR REPRESENTED TO DEBTOR OR ANY OTHER PARTY HERETO THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

15. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon Secured Party and the Debtor and their respective successors and assigns, and shall apply to their respective agents and employees. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

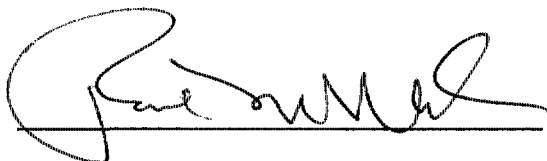
16. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts and may not be amended except in writing.

IN WITNESS WHEREOF, the parties have executed this Agreement as a sealed instrument as of the date first above written.

Executed in Duplicate.

WITNESSES:

MASSACHUSETTS CENTRAL
RAILROAD CORPORATION



By Paul E. Crawford, EVP/COO
Name: PAUL E. CRAWFORD
Title: EXEC VICE PRESIDENT / COO

**FIRST NATIONAL BANK OF
NEW ENGLAND**

A handwritten signature in black ink, appearing to read "D. Scott Pasquale", written over a horizontal line.

By D. Scott Pasquale
Name: D. Scott Pasquale
Title: Vice President

COMMONWEALTH OF MASSACHUSETTS

Hampden, ss.

~~December~~ ^{Jan} 22, 1998

Then Vice Pres personally appeared Paul E Crawford,
of Massachusetts Central Railroad Corporation, signer of the foregoing
instrument and acknowledged the same to the free act and deed of said corporation, before me.

Paul M Maleck
Paul M Maleck, Notary Public
My Commission Expires:

7-23-04

COMMONWEALTH OF MASSACHUSETTS

Hampden, ss.

~~December~~ ^{JANUARY} 22, 1998

Then personally appeared D. Scott Pasquale, Vice President of First National Bank of New
England, signer of the foregoing instrument and acknowledged the same to be the free act and deed
of First National Bank of New England.

JAMES K. BODURTHA
JAMES K. BODURTHA, Notary Public
My Commission Expires: Nov. 8, 2002

JAMES K. BODURTHA
NOTARY PUBLIC
Commonwealth of Massachusetts
My Commission Expires Nov. 8, 2002

Schedule 6(f)

Financial Covenants

See Financing Agreements.

Exhibit A

(Collateral Description)

Debtor:

Secured Party:

Massachusetts Central Railroad Corporation
One Wilbraham Street
Palmer, MA 01069

First National Bank of New England
One Commercial Plaza
Hartford, Connecticut 06103

(a) all accounts, as that term is defined in Article 9 of the Uniform Commercial Code as in effect from time-to-time in the Commonwealth of Massachusetts (the "UCC"), now owned or hereafter acquired, and, in any event, shall include any right to payment held by Debtor, whether in the form of accounts receivable, notes, drafts, acceptances or other forms of obligations and receivables, now owned or hereafter received or acquired by or belonging or owing to the Debtor (including, without limitation, under any trade name, style or division thereof) for inventory sold or leased or services rendered by it whether or not earned by performance, together with all guarantees and security therefor and all proceeds thereof, whether cash proceeds or otherwise, including, without limitation, all right, title and interest of Debtor in the inventory which gave rise to any such accounts, including, without limitation, unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed rejected or repossessed inventory or other goods;

(b) all chattel paper, as that term is defined in Article 9 of the UCC, now owned or hereafter acquired, and, in any event, shall include any writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods, whether now or hereafter held by Debtor;

(c) all contracts, undertakings, franchise agreements or other agreements (other than rights evidenced by chattel paper, documents or instruments, as those terms are defined above and below), now owned or hereafter acquired, in or under which the Debtor may now or hereafter have any right, title or interest, including, without limitation, with respect to an account, and any agreement relating to the terms of payment or the terms of performance thereof;

(d) all documents, as that term is defined in Article 9 of the UCC now owned or hereafter acquired;

(e) all equipment, as that term is defined in Article 9 of the UCC, and, in any event, shall include, without limitation, all machinery, tools, dyes, equipment, furnishings, fixtures, leasehold improvements, vehicles (including motor vehicles) and computers and other electronic data processing and other ice equipment, now owned or hereafter acquired, including, but not limited to, the items of equipment, if any, listed on Exhibit B attached hereto and made a part hereof, any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, and all contracts, contract rights and chattel paper arising out of any lease of any of the foregoing;

(f) all general intangibles, as that term is defined in Article 9 of the UCC, now owned or hereafter acquired, and, in any event, shall include all right, title and interest which the Debtor may

now or hereafter have in or under any contract, all customer lists, trademarks, patents, rights in intellectual property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, blueprints, catalogs, materials and records, goodwill (including, without limitation, the goodwill associated with any trademark, trademark registration or trademark licensed under any trademark license, claims in or under insurance policies, including unearned premiums, uncertificated securities, deposit accounts, rights to receive tax refunds and other payments and rights of indemnification;

(g) all instruments, as that term is defined in Article 9 of the UCC, now owned or hereafter acquired, and, in any event, shall include any negotiable instrument or certificated security, as defined in Article 8 of the UCC, or any other writing which evidences a right to the payment of money and is not itself an instrument that constitutes, or is a part of a group or writings that constitute, chattel paper, and is of a type which, in the ordinary course of business, is transferred by delivery with any necessary endorsement or assignment, whether now or hereafter held by Debtor;

(h) all inventory, as that term is defined in Article 9 of the UCC, now owned or hereafter acquired, wherever located, and, in any event, shall include all inventory, merchandise, goods and other personal property which are held by or on behalf of the Debtor for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in the Debtor's business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of the Debtor or is held by the Debtor or by others for the Debtor's account, including, without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all inventory which may be located on premises of the Debtor or of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other persons;

(i) all proceeds, as that term is defined in Article 9 of the UCC, now owned or hereafter acquired, and, in any event, shall include (a) any and all accounts, chattel paper, instruments, cash and other proceeds payable to the Debtor from time-to-time in respect of any of the foregoing collateral security, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtor from time-to-time with respect to any of the collateral security, (c) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time-to-time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the collateral security by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (d) any and all other amounts from time-to-time paid or payable under or in connection with any of the collateral security;

(j) all other collateral in which the Debtor may hereafter grant to the Secured Party a security interest;

(k) all renewals, substitutions, replacements, additions, accessions and products of any and all of the foregoing; and

(l) including but not limited to all tracks, railroad ties and all other related fixtures and equipment.

EXHIBIT B
SPECIFIC EQUIPMENT DESCRIPTION

All of the following equipment:

1. Track and Roadbed (10.2 mi., 98 ac.)
2. Building & Real Estate, One Wilbraham St., Palmer, MA
3. Building only, 13 Railroad St., Amherst, MA
4. EMD Model NW5 (#2100) Locomotive
5. Unit 1728 EMD GP-9 Locomotive
6. EMD-GP-38-1 (960) Locomotive
7. Whitcomb 44T Switch Engine
8. Passenger Coaches (338 & 729)
9. Case 580C Trackmaster (s/n 9010271)
10. MCER 9803 50' Boxcar
11. MCER 9842 50' Boxcar
12. MCER 9867 50' Boxcar
13. 52' Flat Car (1) One 5161
14. 77 "T" Covered Hopper Sand Car 432505
15. 77 "T" Covered Hopper Sand Car 432785
16. Caboose No. MCER 79524
17. Toledo/Masstron 7260 W.I.M. Scale
18. Mi-Jack Straddle Crane AC800
19. LeTourncau Letro-Porter 2682CH
20. Locomotive 4243

21. Locomotive 4246
22. Unit 65 Porter 44T Switcher
23. American-Lincoln MPV-60 Sweeper
24. Small Tank Car CV4271
25. 6,000# Aluminum Track Carts (2)
26. Atlas Compressor/Utility Trailer
27. 1981 Ross Straddle Lumber Carrier
28. V52 WOM Taylor Lift Truck
29. Mastopak Pallet Rack System
30. Track & Mechanical Tools
31. Locomotive Parts & Supplies Inventory
32. Office Equipment & Fixtures
33. Radios & Portable Equipment
34. Locomotive #4220, ALCO Diesel Engine, Model No. C-424, Serial #3381-01 (Scrap Parts)

MOTOR VEHICLES:

35. 1983 GMC Cabcha TC3140
36. 1988 Ford F350 PU
37. 1989 Chevy Fleet PU

Exhibit C

(Permitted Liens)

1. UCC-1 Financing Statement No. 449562 filed on 2/18/97 with the Commonwealth of MA naming GATX Third Aircraft Corporation as the Secured Party
2. UCC-1 Financing Statement No. 97-14 filed on 2/19/97 with the Town of Palmer naming GATX Third Aircraft Corporation as the Secured Party